

Message Text

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ACTION STR-06

INFO OCT-01 EUR-12 EA-12 IO-14 ISO-00 STRE-00 AGRE-00
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-01 H-02
INR-07 INT-05 L-03 LAB-04 NSAE-00 PA-02 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 PRS-01 SP-02 SOE-02
OMB-01 DOE-11 DOEE-00 NSCE-00 SSO-00 USIE-00
INRE-00 OPIC-06 XMB-04 /126 W
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O R 130640Z JAN 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC IMMEDIATE 4311
INFO USMISSION GENEVA
AMEMBASSY BRUSSELS
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY ROME

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USMTN ALSO FOR USMISSION
USEEC ALSO FOR EMBASSY
OECD ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: ETRD, MTN, US, JA
SUBJECT: STRAUSS VISIT: FINAL COMMUNIQUE

1. FOLLOWING IS TEXT OF AGREED JOINT U.S.-JAPAN
COMMUNIQUE TO BE RELEASED AT 1440 TOKYO TIME JAN. 13.

JOINT STATEMENT

BY

MINISTER USHIBA AND AMBASSADOR STRAUSS

1. ON JANUARY 12 AND 13, 1978 THE GOVERNMENTS OF JAPAN
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AND THE UNITED STATES OF AMERICA, THROUGH THEIR REPRESENTATIVES, MINISTER OF STATE FOR EXTERNAL ECONOMIC AFFAIRS, MR. NOBUHIKO USHIBA, AND THE PRESIDENT'S SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS, AMBASSADOR ROBERT S. STRAUSS, CONSULTED UPON A SERIES OF POLICIES AND MEASURES DESIGNED TO CONTRIBUTE TO GLOBAL ECONOMIC EXPANSION AND TO STRENGTHEN THEIR ECONOMIC RELATIONS. THE OBJECTIVE OF THE CONSULTA-

TIONS WAS TO DEVELOP COMMON POLICIES WHICH WOULD FACILITATE CONSTRUCTIVE ADJUSTMENT TO CHANGING WORLD ECONOMIC CONDITIONS AND THE ECONOMIC RELATIONSHIP BETWEEN JAPAN AND THE UNITED STATES.

2. IN PARTICULAR, MINISTER USHIBA AND AMBASSADOR STRAUSS AGREED THAT A NEW COURSE OF ACTION, BUILDING ON THE STEPS OUTLINED BELOW, WAS NECESSARY TO AVERT INCREASING UNEMPLOYMENT AND A WORLDWIDE REVERSION TO PROTECTIONISM.

INCREASED ECONOMIC GROWTH

3. BOTH SIDES AGREED TO TAKE MAJOR STEPS TO ACHIEVE HIGH LEVELS OF NON-INFLATIONARY, ECONOMIC GROWTH. THE GOVERNMENT OF JAPAN REITERATED ITS RECENTLY ADOPTED REAL GROWTH TARGET OF SEVEN PERCENT FOR JAPAN FISCAL YEAR (JFY) 1978, AND STATED ITS INTENTION TO TAKE ALL REASONABLE AND APPROPRIATE MEASURES, INCLUDING THOSE PREVIOUSLY ANNOUNCED WITH RESPECT TO PUBLIC EXPENDITURES, IN ORDER TO ACHIEVE THIS TARGET.

THE GOVERNMENT OF THE UNITED STATES CONFIRMED ITS INTENTION TO PURSUE POLICIES AIMED AT THE MAINTENANCE OF SUBSTANTIAL, NON-INFLATIONARY ECONOMIC GROWTH, AS WILL SOON BE DETAILED BY PRESIDENT CARTER.

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4. BOTH SIDES AGREED THAT IN THE PRESENT INTERNATIONAL ECONOMIC SITUATION, THE ACCUMULATION OF A LARGE CURRENT ACCOUNT SURPLUS WAS NOT APPROPRIATE.

ACCORDINGLY, JAPAN HAS UNDERTAKEN STEPS AIMED AT ACHIEVING A MARKED DIMINUTION OF ITS CURRENT ACCOUNT SURPLUS. THE MINISTER ADDED THAT IN JFY 1978 JAPAN'S CURRENT ACCOUNT SURPLUS WOULD BE CONSIDERABLY REDUCED THROUGH THE EXPANSION OF DOMESTIC DEMAND, THE EFFECT OF YEN APPRECIATION IN RECENT MONTHS, AND A SERIES OF NEW MEASURES FOR IMPROVING THE ACCESS OF FOREIGN GOODS TO THE JAPANESE MARKET. IN JFY 1979, AND THEREAFTER, UNDER PRESENT INTERNATIONAL ECONOMIC CONDITIONS, ALL REASONABLE EFFORTS WOULD BE CONTINUED WITH A VIEW TO FURTHER REDUCING JAPAN'S CURRENT ACCOUNT SURPLUS, AIMING AT EQUILIBRIUM, WITH DEFICIT ACCEPTED IF IT SHOULD OCCUR.

THE UNITED STATES STATED ITS INTENTION TO IMPROVE ITS BALANCE OF PAYMENTS POSITION BY SUCH MEASURES AS REDUCING ITS DEPENDENCE ON IMPORTED OIL AND INCREASING ITS EXPORTS, THEREBY IMPROVING THE UNDERLYING CONDITIONS UPON WHICH THE VALUE OF THE DOLLAR FUNDAMENTALLY DEPENDS. THE AMBASSADOR EXPRESSED

CONFIDENCE THAT IN THE NEXT NINETY DAYS AN EFFECTIVE ENERGY PROGRAM WOULD BE ENACTED BY THE CONGRESS.

TRADE OBJECTIVES

5. TO PRESERVE AND STRENGTHEN THE OPEN WORLD TRADING SYSTEM, BOTH SIDES FULLY SUPPORT THE ACCELERATION AND EARLY CONCLUSION OF THE TOKYO ROUND OF THE MULTILATERAL TRADE NEGOTIATIONS (MTN), EACH MAKING SUBSTANTIA CONTRIBUTIONS IN FULL COOPEATION WITH OTHER PARTICIPANTS TO REDUCE OR ELIMINATE TARIFF AND NON-TARIFF BARRIERS TO TRADE.

6. BOTH GOVERNMENTS AGREED THAT THEIR JOINT OBJECTIVE IN THESE NEGOTIATIONS IS TO ACHIEVE BASIC EQUITY IN THEIR TRADING
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RELATIONS BY AFFORDING TO MAJOR TRADING COUNTRIES SUBSTANTIALLY EQUIVALENT COMPETITIVE OPPORTUNITIES ON A RECIPROCAL BASIS.

TO ACHIEVE PARITY IN THEIR TRADING RELATIONS AND EQUIVALENT OPENNESS OF THEIR MARKETS, DEEPER THAN FORMULA TARIFF REDUCTIONS WOULD BE UTILIZED.

IN THIS CONNECTION, BOTH SIDES EXPRESSED THEIR INTENT IN THE COURSE OF THE MTN TO CONSIDER FAVORABLY TAKING DEEPER THAN FORMULA TARIFF REDUCTIONS ON ITEMS OF INTEREST TO EACH OTHER WITH THE AIM OF SEEKING TO ACHIEVE COMPARABLE AVERAGE

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LEVELS OF BOUND TARIFFS, TAKING INTO ACCOUNT NON-TARIFF
MEASURES AT THE END OF THE MTN, TAKING FULLY INTO
ACCOUNT THE INTERESTS OF THIRD COUNTRIES.

7. THE GOVERNMENT OF JAPAN INTENDS TO TAKE ALL APPROPRIATE
STEPS TO INCREASE IMPORTS OF MANUFACTURES. THE GOVERNMENT
ANTICIPATED THAT THE TOTAL VOLUME OF IMPORTS OF MANUFACTURES,
AS WELL AS THE SHARE OF THESE IMPORTS IN TOTAL JAPANESE IM-
PORTS, WOULD CONTINUE TO INCREASE STEADILY. BOTH SIDES
AGREED TO REVIEW PROGRESS IN THESE MATTERS IN THE JOINT
TRADE FACILITATION COMMITTEE OR OTHER APPROPRIATE FORUMS
AND TO TAKE WHATEVER CORRECTIVE ACTIONS MIGHT BE NECESSARY.

TRADE MEASURES

8. THE MINISTER STATED THAT JAPAN IS TAKING THE FOLLOWING
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SIGNIFICANT ACTIONS TO INCREASE IMPORTS:

--ADVANCE TARIFF REDUCTIONS ON \$2 BILLION OF IMPORTS
EFFECTIVE APRIL 1.

-- REMOVAL OF QUOTA CONTROLS ON TWELVE PRODUCTS.

--AS REGARDS HIGH QUALITY BEEF, WE SHALL MAKE MUTUAL
EFFORTS TO EXPLOIT DEMAND SO THAT WITHIN THE HOTEL
AND GENERAL QUOTAS THERE WILL BE AN INCREEASE IN
IMPORTATION BY 10,000 TONS ON A GLOBAL BASIS BE-
GINNING IN JFY 1978.

--A THREE-FOLD INCREASE IN ORANGE IMPORTS TO 45,000
TONS.

--A FOUR-FOLD INCREASE TO 4,000 TONS IN THE QUOTA
FOR CITRUS JUICE.

--CONDUCTING A SWEEPING REVIEW OF ITS FOREIGN EXCHANGE

CONTROL SYSTEM AND PLANNING A NEW SYSTEM BASED ON THE PRINCIPLE THAT ALL TRANSACTIONS SHOULD BE FREE UNLESS SPECIFICALLY PROHIBITED. AS A FORERUNNER OF THE NEW SYSTEM, CERTAIN IMMEDIATE MEASURES OF LIBERALIZATION ARE TO BE ANNOUNCED SOON.

--FORMATION OF AN INTER-INDUSTRY CITRUS GROUP TO STUDY THE PRESENT STATE AND FUTURE DEVELOPMENTS IN THE CITRUS SITUATION INCLUDING JUICE BLENDING AND SEASONAL QUOTA, AND TO REPORT TO THEIR GOVERNMENTS BY NOVEMBER 1, 1978.

--DISPATCH OF A FOREST PRODUCTS STUDY GROUP TO THE UNCLASSIFIED

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U.S. NORTHWEST WITH THE OBJECTIVE OF EXPANDING AND UPGRADING THIS TRADE.

--DISPATCH TO THE UNITED STATES OF A MISSION TO EXPLORE THE POSSIBILITY OF PURCHASING ELECTRIC POWER PLANT MACHINERY AND EQUIPMENT, INCLUDING NUCLEAR PLANT COMPONENTS AND EQUIPMENT.

--DISPATCH TO THE UNITED STATES OF A GOVERNMENT-INDUSTRY BUYING MISSION SPONSORED BY THE JOINT TRADE FACILITATION COMMITTEE.

--A JAPANESE CABINET DECISION TO SECURE FOR FOREIGN SUPPLIERS SUBSTANTIALLY INCREASED OPPORTUNITIES UNDER GOVERNMENT PROCUREMENT SYSTEMS.

--SIMPLIFICATION OF INSPECTION REQUIREMENTS ON IMPORTS.

--EXPLANSION OF CREDIT FOR IMPORTS INTO JAPAN.

--RELAXATION OF RULES FOR THE STANDARD METHOD OF SETTLEMENT.

--COOPERATION IN INTERNATIONAL EFFORTS TO CURB EXCESSIVE COMPETITION IN EXPORT CREDITS.

ECONOMIC COOPERATION

9. REFERRING TO OFFICIAL DEVELOPMENT ASSISTANCE (ODA), THE MINISTER REAFFIRMED THE INTENTION OF THE GOVERNMENT OF JAPAN TO MORE THAN DOUBLE ITS AID IN FIVE YEARS AND NOTED THAT, AS PART OF SUCH EFFORTS, PROPOSED ODA FOR JFY 1978 HAD SUBSTANTIALLY INCREASED, AND THAT THE QUALITY OF ODA HAD IMPROVED THROUGH AN INCREASE OF GRANT AID. HE ADDED

THAT THE GOVERNMENT OF JAPAN WOULD PURSUE ITS BASIC POLICY
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OF GENERAL UNTYING OF ITS FINANCIAL ASSISTANCE.

AMBASSADOR STRAUSS WELCOMED THESE DEVELOPMENTS AND NOTED
THAT THE PRESIDENTTWOULD SEEK LEGISLATION TO INCREASE
SUBSTANTIALLY U.S. BILATERAL AND MULTILATERAL AID TO DEVEL-
OPING COUNTRIES.

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REVIEW PROCEDURES

10. IN ADDITION, BOTH SIDES AGREED:
-- TO COORDINATE CLOSELY WITH EACH OTHER AND THIER
TRADING PARTNERS INCLUDING THE EUROPEAN COMMUNITIES
IN MULTILATERAL AND BILATERAL FORUMS.

-- TO IMPROVE ACCESS TO JAPANESE MARKETS, BY MAKING EVERY EFFORT TO ASSURE THE SUCCESS OF THE JOINT TRADE FACILITATION COMMITTEE IN ITS WORK TO INCREASE IMPORTS OF MANUFACTURERS, AND RESOLVE CONCRETE PROBLEMS ENCOUNTERED IN TRADE WITH JAPAN INCLUDING THE AIM OF OVERCOMING NON-TARIFF BARRIERS BY APPLYING A LIBERAL APPROACH.

-- TO CONTINUE REGULAR TECHNICAL EXCHANGES ON GROWTH
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PROBLEMS AND PROSPECTS THROUGH THE JOINT ECONOMIC PROJECTIONS STUDY GROUP.

-- TO REVIEW GLOBAL AND BILATERAL ECONOMIC POLICY THIS SPRING IN WASHINGTON AT THE NEXT MEETING OF THE SUB-CABINET GROUP.

-- TO REVIEW PROGRESS MADE IN ALL THESE AREAS AT A MEETING BETWEEN MINISTER USHIBA AND AMBASSADOR STRAUSS NEXT OCTOBER.

MANSFIELD

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SAS ID: 3775442
Secure: OPEN
Status: NATIVE
Subject: STRAUSS VISIT: FINAL COMMUNIQUE
TAGS: ETRD, US, JA, MTN, (USHIBA, NOBUHIKO), (STRAUSS, ROBERT S)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/26aa63e3-c288-dd11-92da-001cc4696bcc
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